

VZCZCXRO1522  
RR RUEHBZ RUEH DU RUEHJO RUEHMR RUEHRN  
DE RUEHTO #1625 3551544  
ZNR UUUUU ZZH  
R 211544Z DEC 06  
FM AMEMBASSY MAPUTO  
TO RUEHC/SECSTATE WASHDC 6577  
INFO RUCNSAD/SOUTHERN AFRICAN DEVELOPMENT COMMUNITY  
RUEHLMC/MILLENNIUM CHALLENGE CORP 0140

UNCLAS MAPUTO 001625

SIPDIS

SIPDIS  
SENSITIVE

AF/S FOR HTREGER  
MCC FOR SGAULL  
USAID FOR AFR/SA

E.O. 12958: N/A  
TAGS: [EPET](#) [ETRD](#) [EINV](#) [ECON](#) [MZ](#)  
SUBJECT: Mozambique - Anadarko Petroleum Signs \$300 Million  
Oil and Gas Contract

Ref: Maputo 326

Sensitive But Unclassified - Business Confidential

¶1. (U) On December 20 U.S. oil company Anadarko Petroleum and the government of Mozambique signed an exploration and production agreement for one offshore (mostly) block in the Rovuma basin, in northern Mozambique (see reftel for details of the block). Under the agreement, Anadarko will shoot seismic and drill seven wells. The incoming president of Anadarko Mozambique, John Pepper, briefed econ/pol section chief on December 19 on the particulars.

¶2. (SBU) Contract negotiations took longer this summer and fall than Anadarko expected, according to Pepper. He told emboff that the Mozambicans were being counseled by a Norwegian petroleum expert (Norway provides much of the funding for Mozambique's National Institute of Petroleum (INP)), who pushed a far more "socialist" or "community service" agenda than Anadarko was accustomed to. (Note: Norway's oil giant Norsk Hydro has concession rights to another block in the Rovuma basin, and earlier this year finalized its contract with the GRM. End note.) Further, the Mozambicans wanted iron-clad guarantees that Anadarko's USD 300 million expenditure would be forthcoming, having been burned in the past, according to Pepper, by other prospective outside investors. In the end, to satisfy the Mozambicans, Anadarko was forced to take out insurance on its commitment costing the company USD 3 million per year.

¶3. (SBU) Along with shooting seismic, Anadarko will drill seven wells - several of them in water deeper than 1,000 meters. The deepwater wells will cost approximately USD 50 million each, shallower ones less. Anadarko has committed to drill more wells than any of the other four companies with rights to the other six blocks in the Rovuma basin - Artumas, a small Canadian firm, will drill three only and the other companies (Norsk Hydro, ENI and Petronas) need only shoot seismic - since its concession is the most promising of the lot.

¶4. (U) Pepper said that Anadarko would use most of next year completing its environmental impact assessment, which the Mozambican government requires. Seismic shooting will occur in 2008 and well drilling in 2009.

¶5. (U) Also on December 20, the Italian company ENI signed an agreement with the GRM for its block in the Rovuma basin.

Dudley